

PUBLIC DISCLOSURE

August 4, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

WILLIAMSTOWN SAVINGS BANK

23299

795 MAIN STREET

WILLIAMSTOWN, MASSACHUSETTS 01267

**Division of Banks
One South Station
Boston, MA 02110**

**Federal Deposit Insurance Corporation
15 Braintree Hill Office Park
Braintree, MA 02184**

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.</p>

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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") and the Federal Deposit Insurance Corporation ("FDIC") to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agencies must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **Williamstown Savings Bank (or the "Bank")** prepared by the Division and the FDIC, the institution's supervisory agencies.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The above rating is based on the following findings:

- The Bank's loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of the Bank's loans were originated within the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, a poor penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- The assessment area contains no low- or moderate-income census tracts. The Bank's geographic distribution reflects reasonable dispersion in the middle- and upper-income census tracts.
- The Bank has not received any CRA related complaints.

SCOPE OF EXAMINATION

This CRA performance evaluation assesses the Bank's performance under the Small Bank CRA Examination Procedures.

Based on management interviews and a review of the Bank's loan portfolio, Williamstown Savings Bank's primary business focus is residential lending. Residential loans (including one-to four-family and multifamily loans) represent 76.1 percent of the Bank's loan portfolio. The evaluation also included a review of the Bank's small business lending, as commercial and industrial loans and loans secured by commercial real estate comprise 17.6 percent of the Bank's loan portfolio. As the Bank's primary business focus is residential lending, more emphasis was placed on the Bank's residential lending performance.

Residential lending data was derived from the Loan Application Registers ("LAR"s) maintained by the Bank pursuant to the Home Mortgage Disclosure Act ("HMDA"). The LARs contain data about home purchase and home improvement loans, including refinancings, on one- to four-family and multifamily (five or more units) properties.

The evaluation considered residential loans for 2006, 2007, and the first half of 2008. The Bank's lending performance in 2006 is focused on as it is most recent year for which aggregate HMDA lending data is available. Aggregate HMDA lending data is used for comparison purposes, as it is a measure of loan demand. Data from 2007 and year-to-date 2008 is discussed in the narrative of the evaluation where the Bank's performance is materially different from its 2006 performance.

Additionally, since a number of HMDA lenders in the Bank's assessment area originated high cost mortgage loans while the Bank did not, a review of the aggregate lending data excluding the high cost mortgage loans was conducted. High cost mortgage loans are mortgage loans reported on the institution's HMDA LAR that are at least 3 points above the Treasury rate or, per Federal Reserve Board's Regulation Z (Truth In Lending), have an Annual Percentage Rate (APR) or points and fees on a loan that exceed certain triggers defined by Regulation Z. A review of the adjusted aggregate data revealed that when the high priced loans were excluded from adjusted aggregate lenders' performance, there was a minimal affect on the aggregates' lending performance. As such, the adjusted data is not discussed in the narrative within the evaluation.

Due to its asset size, the Bank is not required to collect or report small business lending data. For the purposes of this evaluation, the Bank's small business lending data was derived based on a sampling of the Bank's small business loan files. The Bank originated 53 small business loans totaling approximately \$7.4 million within the assessment area during the evaluation period. Information regarding the number and dollar amount of small business loans originated within the assessment area was derived from a commercial loan report provided by the Bank. To determine the Bank's overall CRA small business lending performance with regard to borrower distribution and geographic distribution, examiners reviewed a random sample of 16 small business loans totaling \$2.7 million from the Bank's commercial loans originated during the first six months of 2008.

As the Bank's assessment area is made up of middle- and upper-income census tracts only, the Geographic Distribution of the Bank's loans were reviewed in comparison with demographic data for those tracts. A summary of the analysis is included within the evaluation. A more detailed discussion was not provided due to the lack of low- and moderate-income census tracts.

Consumer loans represent a small portion of the Bank's lending activity and are not included in the evaluation. The Bank made no small farm loans during the evaluation period.

Unless otherwise noted, this evaluation references the number, rather than the total dollar amount, of loans, as one or two large-dollar loans may minimize the accuracy of dollar volume as a performance indicator.

The Bank's investment and service activity was also reviewed at management's request. The Bank's investments and services did not enhance the Bank's overall rating.

PERFORMANCE CONTEXT

Description of Institution

Williamstown Savings Bank was chartered by the Commonwealth of Massachusetts as a mutual savings bank in 1892. In May of 2002, the Bank became a stock savings bank, forming the MountainOne Financial Partners, MHC, a mutual bank holding company, in affiliation with Hoosac Bank. The MountainOne Financial Partners, MHC, holds 100.0 percent of Hoosac Bank, North Adams, MA, and Williamstown Savings Bank, Williamstown, MA, stock. In June of 2007, MountainOne merged with South Coastal Bank, based in Rockland, MA.

Williamstown Savings Bank's sole office is located at 795 Main Street, Williamstown, MA. As of June 30, 2008, the Bank had total assets of \$275.8 million. The Bank offers a variety of residential, consumer and commercial credit products as well as numerous deposit services for consumers and businesses.

As of June 30, 2008, the Bank's loan portfolio totaled \$127.8 million, representing 46.3 percent of total assets. Refer to the following table for further information regarding the Bank's loan portfolio.

Table 1 Loan Portfolio at June 30, 2008¹		
Loan Type	Dollar Volume (000)	Percentage of Total Loans (%)
Construction and Land Development	6,106	4.8
Revolving Open-end 1-4 Family Residential	10,364	8.1
Closed-end 1-4 Family Residential First Lien	79,299	62.0
Closed-end 1-4 Family Residential Junior Lien	7,020	5.5
Multi-family Residential	608	0.5
Commercial Real Estate	15,810	12.4
Commercial and Industrial Loans	6,670	5.2
Consumer Loans	1,959	1.5
Total	127,836	100.0

As seen in Table 1 above, the Bank's current loan portfolio is comprised primarily of 1-4 family residential real estate loans, representing 75.6 percent of the Bank's portfolio. Commercial real estate loans currently represent the second highest percentage at 12.4 percent, followed by commercial and industrial loans at 5.2 percent.

The Bank was last evaluated under the CRA by the FDIC on May 24, 2004 and by the Division on November 17, 2003. Both evaluations were conducted under the Small Bank CRA Examination Procedures and assigned overall CRA ratings of "Satisfactory". There are no apparent financial or legal impediments that would limit the Bank's ability to help meet the credit needs of its assessment area. Based upon the Bank's asset size, product offerings, and branch location, its ability to meet the community's credit needs remains strong.

¹ Source: Report of Condition and Income (Call Report).

Description of Assessment Area

The CRA requires each financial institution to define an assessment area (AA) within which its CRA performance will be evaluated. An assessment area should consist of Metropolitan Statistical Areas (MSAs), Primary Metropolitan Statistical Areas (PMSAs), Metropolitan Divisions (MDs), or contiguous political subdivisions such as counties, cities, or towns. Further, an assessment area should not arbitrarily exclude any low- or moderate-income area(s) taking into account the institution's size and financial condition.

Williamstown Savings Bank has identified its assessment area as the town of Williamstown, MA. Williamstown is in Berkshire County and is part of the Pittsfield, MA, MSA. Of the two census tracts within the assessment area, one is considered middle-income and one is considered upper-income. There are no low- or moderate-income census tracts in the assessment area. The assessment area as currently defined meets the technical requirements of the regulation as it includes whole geographies and does not arbitrarily exclude low- or moderate-income areas or expand beyond state boundaries.

Table 2 lists the pertinent assessment area demographic information for 2007 based on 2000 Census data and updated 2007 figures for HUD Adjusted Median Family Income (MFI) and Median Housing Value.

Table 2 Demographic Information for Assessment Area (2007)²						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A % of #
Geographies (Census Tracts)	2	0.0	0.0	50.0	50.0	0.0
Population by Geography	8,424	0.0	0.0	44.3	55.7	0.00
Owner-Occupied Housing by Geography	2,013	0.0	0.0	63.6	36.4	0.00
Business by Geography	651	0.0	0.0	52.4	47.6	0.0
Family Distribution by Income Level	1,742	11.5	14.6	18.5	55.4	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	455	0.0	0.0	69.2	30.8	0.00
HUD Adjusted Median Family Income for 2007 Families Below Poverty Level		\$62,800 1.7%	Median Housing Value Unemployment Rate (2000)		\$171,347 2.99%	

As the table shows, 11.5 percent of the families in the Bank's assessment area are low-income families, 14.6 percent are moderate-income, 18.6 percent are middle-income, and 55.3 percent are upper-income. Closer inspection finds that 1.7 percent of families reside below the poverty level. The percentage of families with poverty level incomes can be an indicator of a reduced capacity to borrow, which can effectively limit a financial institutions' ability to lend. The percentage of low- and moderate-income families and families below the poverty level in the Bank's AA is below both the State's and the MSA's percentages, indicating the Bank's AA is relatively affluent. According to the Census data, 18.4 percent of families in Pittsfield, MA MSA are low-income and 19.9 percent are moderate-income, with 6.5 percent below poverty level. State data indicated that 20.5 percent of families are low-income and 17.5 percent are moderate-income and that 6.7 percent of families are below the poverty level.

² Source: 2000 U.S. Census data and 2007 HUD adjusted MFI data.

Approximately 61.4 percent of businesses within the assessment area are considered small businesses, with gross annual revenues of \$1.0 million or less. The services sector (40.6 percent of area businesses) represents the largest industry within the assessment area. Williams College is the assessment area's largest employer, and contributes significantly to the culture and economy of the area. According to the 2000 census data, 23.2 percent of the assessment area population resides in college dormitories. Additionally, according to the census data, 27.5 percent of the area's population is between the ages of 18 and 24, which is much higher than the MSA's (8.4 percent) and the State's (9.1 percent) percentages of persons in this age group.

According to 2000 U.S. Census data, the AA contains a total of 3,053 housing units, 2,013 owner-occupied units, 740 renter-occupied units, and 300 vacant units. The Bank's AA contains a higher percentage of owner-occupied units (65.9 percent) than both the MSA (56.5 percent) and the State (57.5 percent). The percentage of vacant units in the Bank's AA, 9.8 percent, is lower than the MSA's percentage, 15.5 percent, but higher than the percentage of vacant units state wide, 6.8 percent. Of the total housing units in the AA, 82.1 percent are single-family units, 9.5 percent are multi-family units, and 8.4 percent are mobile homes. Additionally, the AA contains 2,753 households, of which 24.9 percent are low-income, 12.4 percent are moderate-income, 12.0 percent are middle-income and 50.7 percent are upper-income households.

Data obtained from The Warren Group indicates that the median sales price in the AA has declined from 2006 through 2008, which is indicative of market conditions. In 2006, the median sales price in Williamstown was \$404,000; in 2007, the median sales price was \$380,000; and in 2008, the median sales price fell to \$345,000.

The Bank competes for loan volume with banks, credit unions, and mortgage brokers that operate in the area. In 2006, 54 lenders originated or purchased home mortgage loans in the Bank's AA. Among the Bank's leading competition are Greylock Federal Credit Union, Hoosac Bank (an affiliated bank through MountainOne Financial Partners, MHC), South Adams Savings Bank, Adams Co-operative Bank, and TD BankNorth.

A representative of a local community organization was contacted during this review. The contact mentioned that there would be a need for fuel assistance this coming winter, especially for the lower-income residences. The Bank has developed a loan product called the HEAT Loan. This product is offered as a special program in partnership with MassSAVE. The HEAT Loan program offers qualified customers no-interest and low-interest loans for installing energy-efficient products that would cut the amount of fuel needed to for the winter.

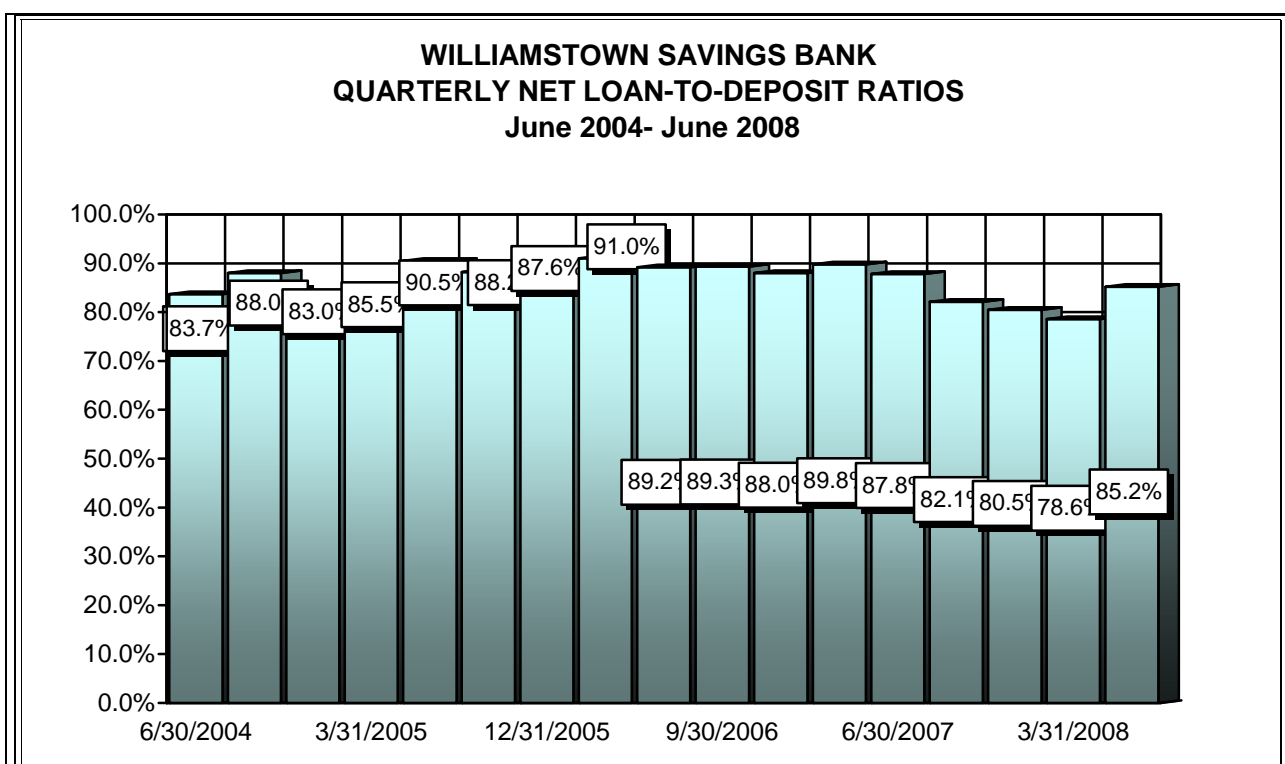
Based on discussions with management, a review of the area's demographics, and the insights gained from the community contact, it was determined that the assessment area has no one primary credit need. The area's residents need a variety of consumer loan products to meet personal needs and an array of home financing programs for the purchase, construction, or refinance of a residence. The area's business base also requires numerous commercial credit options to meet a wide variety of financing purposes.

PERFORMANCE CRITERIA

1. LOAN-TO-DEPOSIT ANALYSIS

This performance criterion determines what percentage of the Bank's deposit base is reinvested in the form of loans and evaluates its appropriateness. The Bank's Loan-to-Deposit (LTD) Ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.

The average net LTD ratio since the previous FDIC CRA Evaluation dated May 24, 2004 through the date of this evaluation was calculated at 86.4 percent. This number was calculated by averaging the Bank's net LTD ratios over the last 17 quarters under evaluation. The Bank's current net LTD ratio, as of June 30, 2008, was calculated at 85.2 percent. The low LTD ratio for this period was 78.6 percent, as of March 31, 2008, and the high LTD for this period was 91.0 percent, as of March 31, 2006. The following graph depicts the net LTD ratios for each quarter under review.



Source: Call Report Data

As displayed in the table above, the Bank's LTD ratio fluctuated during the evaluation period. Slight fluctuations may be attributed to the fact the Bank sells loans to the Federal Home Loan Bank of Boston. The Bank sold 45 loans during the period totaling over \$7 million.

Additionally, for comparison purposes, Williamstown Savings Bank's average net LTD ratio for the time period of June 30, 2004, through June 30, 2008, was compared with three other similarly situated institutions with offices located in proximity to or within the Bank's assessment area. Refer to the following table for further information.

Table 3 Average Net Loan-to-Deposit Ratio Comparison ³		
<i>Institution</i>	<i>Average Net LTD Ratio</i>	<i>Assets as of 6/30/2008 (Thousands)</i>
Adams Co-operative Bank	112.2%	\$203,143
Williamstown Savings Bank	86.5%	\$275,844
South Adams Savings Bank	85.2%	\$198,406
Hoosac Bank	75.7%	\$379,173

As reflected in the table above, the Bank's average LTD ratio for the time period was higher than two of the three similarly situated institutions.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

This performance criterion determines what percentage of the Bank's lending occurs within the assessment area and evaluates its appropriateness. A majority of the Bank's loans were originated within the assessment area. Refer to Table 4 below for specific information concerning the distribution of loans inside and outside the assessment area.

Table 4 Distribution of Loans Inside and Outside of Assessment Area ⁴										
Loan Type	Number Loans					Dollar Volume				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2006										
Home Purchase	31	50.8	30	49.2	61	8,506	59.5	5,781	40.5	14,287
Home Improvement	46	69.7	20	30.3	66	6,119	81.1	1,426	18.9	7,545
Refinance	12	50.0	12	50.0	24	1,583	59.7	1,070	40.3	2,653
Multi-Family	0	0.0	0	0.0	0	0	0.0	0	0.0	0.0
Total	89	58.9	62	41.1	151	16,208	66.2	8,277	33.8	24,485
2007										
Home Purchase	31	57.4	23	42.6	54	6,410	65.2	3,421	34.8	9,831
Home Improvement	26	44.1	33	55.9	59	4,531	75.4	1,479	24.6	6,010
Refinance	17	45.9	20	54.1	37	4,616	75.4	1,510	24.6	6,126
Multi-Family	1	100.0	0	0.0	1	150	100.0	0	0.0	150
Total	74	49.3	76	50.7	150	15,557	70.8	6,410	29.2	21,967
Total Home Loan	163	54.2	138	45.8	301	31,765	68.4	14,687	31.6	46,452
Small Business 2006	6	66.7	3	33.3	9	604	74.8	203	25.2	807
Small Business 2007	20	66.7	10	33.3	30	1,968	44.7	2,432	55.3	4,400
Total Small Business	26	66.7	13	33.3	39	2,572	49.4	2,635	50.6	5,207
Grand Total	189	55.6	151	44.4	340	34,337	66.5	17,322	33.5	51,659

³ Source: Call Report Data.

⁴ Source: 2006 and 2007 HMDA LARs and Bank small business loan samples.

As reflected in the table, the Bank originated 55.6 percent of its residential and small business loans within the assessment area in 2006 and 2007.

Home Mortgage Lending

Table 4 reflects a declining trend in the number of loans originated inside the AA from 58.9 percent in 2006 to 49.3 percent in 2007. Year-to-date 2008 data indicates that only 46.5 percent of loans have been originated inside the Bank's AA.

The table above also illustrates the breakout of loans inside and outside the AA by loan purpose. As indicated above, just over 50 percent of home purchase loans, by number, were originated inside the assessment area in 2006 and 2007. The percentage of refinance loans, by number was only above 50 percent in 2006, after which, the percentage continually declined. The percentage of home improvement loans, both by number and by dollar volume decreased in each year as well.

In 2006, of the 54 lenders who originated or purchased home mortgage loans in the Bank's AA, the Bank was ranked first in market share. The Bank held 35.7 percent of the market share in the AA, followed by Hoosac Bank with 9.2 percent. As noted earlier, Hoosac Bank is an affiliated bank to Williamstown Savings Bank. While the Bank's market rank represents a strong penetration in the AA, the declining percentages of loans inside the AA in 2007 and the first two quarters of 2008 was noted.

Small Business Lending

As reflected in Table 4 above, the Bank originated approximately 66.7 percent of its small business loans within the assessment area in 2006 and 2007. The first two quarters of 2008 show an improvement in these numbers. Approximately 80.0 percent of the Bank's small business loans were originated within the assessment area from January to June 2008. As the Bank is not a small business loan data reporter, no comparisons are made to aggregate lending performance.

3. DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS

The distribution of loans by borrower income was reviewed to determine the extent to which the Bank is addressing the credit needs of the area's residents, particularly low- and moderate-income residents. The distribution of small business loans by revenue size was also evaluated to determine the extent to which the Bank is meeting the credit needs of area small businesses.

The distribution of borrowers reflects, given the demographics of the assessment area, a poor penetration among individuals of different income levels, particularly moderate-income borrowers.

Home Mortgage Lending

The following table breaks out the loans the Bank originated inside the assessment area in 2006 categorized by the borrowers' reported income in relation to the HUD-adjusted median family income for the Pittsfield, MA MSA for the respective year. The table also presents the distribution of families by income level and the aggregate lenders' performance for 2006.

Table 5 – Distribution of 2006 Home Mortgage Loans by Borrower Income Level⁵							
Income Level	% of Families	# of Bank Loans	% of #	Aggregate Lenders % of #	Dollar Amt. (000's)	% of \$	Aggregate Lenders % of \$
Low	11.5	7	8.0	4.8	393	2.4	2.1
Moderate	14.6	3	3.4	17.7	289	1.8	8.9
Middle	18.5	15	17.0	16.3	1,399	8.6	9.6
Upper	55.4	63	71.6	61.2	14,107	87.2	79.4
Totals	100.0	88	100.0	100.0	16,188	100.0	100.0

As indicated in the table, the Bank originated approximately 8.0 percent of its HMDA-reportable loans within the assessment area to low-income borrowers in 2006. The Bank's performance exceeded the aggregate lenders' performance, as 4.8 percent of aggregate loans were originated to low-income borrowers in 2006. The Bank ranked first among all lenders in lending to low-income borrowers, with a market share of 50.0 percent in 2006.

The Bank's low-income lending performance was below demographic indicators, as 11.5 percent of assessment area families are considered low-income. The disparity in the two percentages is not unexpected since individuals of low-income levels may have a reduced ability to secure a mortgage loan. This in turn reduces a financial institution's ability to penetrate these markets.

The Bank's lending to low-income borrowers dropped to 4.2 percent by number of total HMDA-reportable loans in 2007. From January 1 to June 30, 2008, the Bank's performance has improved, as loans to low-income borrowers represent 10.0 by number of the Bank's HMDA-reportable loans. Aggregate lending data for 2007 and year-to-date 2008 is not available for comparison.

The Bank's percentage of loans originated to moderate-income borrowers (3.4 percent) in 2006 was significantly below the performance of the aggregate lenders (17.7 percent). The Bank ranked fourth among all lenders and third among local institutions in lending to moderate-income borrowers, with a market share of 11.1 percent in 2006. The Bank's performance was also significantly below the 14.6 percent of assessment area families considered moderate-income.

The Bank's lending to moderate-income borrower lending percentage improved to 5.4 percent in number of total HMDA-reportable loans in 2007. However, the Bank has originated no HMDA-reportable loans to moderate-income borrowers between January 1 and June 30, 2008. (As previously indicated, aggregate lending data for these years is not available for comparison.)

The changes in the Bank's low- and moderate-income lending performance do not appear to be attributable to any changes in the Bank's lending strategy. The Bank is encouraged to pursue additional ways to provide needed lending services to low- and moderate-income assessment area residents.

⁵Source: 2000 Census and 2006 HMDA data. Excludes loans for which the borrower's income was not reported.

Small Business Lending

The Bank's small business lending was analyzed based on the gross annual revenue (GAR) of the business. This data was compared with the percentage of small business in the assessment area. Table 6 details the Bank's small business loans based on gross annual revenue of the business.

Table 6 – Small Business Loan Distribution by Gross Annual Revenue⁶					
Gross Annual Revenue	# of Bank Loans	% of #	Dollar Amt. (000's)	% of \$	% Businesses in AA
<= \$1,000,000	12	75.0	1,872	69.4	61.4
> \$1,000,000	4	25.0	826	30.6	38.6
Totals	16	100.0	2,698	100.0	100.0

As the table indicates, the Bank originated a majority (75.0 percent) of its overall small business loans to businesses with gross annual revenues of \$1.0 million or less. The Bank's performance exceeds business demographic indicators, as 61.4 percent of area businesses have gross annual revenues of \$1.0 million or less, according to Dun and Bradstreet.

4. GEOGRAPHIC DISTRIBUTION

The distribution of the Bank's loans by census tract income level was reviewed to determine the extent to which the Bank is addressing the credit needs of the area's residents within the various census tract income levels.

As the Bank does not have any low- or moderate-income census tracts, this review focused on the Bank's 2006 home mortgage and YTD 2008 small business lending performance in comparison with the percentage of families residing and businesses operating within the middle- and upper-income census tracts. This comparison revealed the Bank's lending dispersion in these tracts is consistent with the percentage of families residing and business operating within those tracts. Overall, the Bank's performance is reasonable.

5. RESPONSE TO COMPLAINTS

There were no CRA-related complaints received by the Bank during the evaluation period.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The Bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. No evidence of discriminatory or other illegal credit practices was identified inconsistent with helping to meet community needs.

⁶Source: 2008 Small Business Loans and 2008 Dun & Bradstreet data.

APPENDIX A

Fair Lending Policies and Procedures

Based upon the review of the Bank's public comment file and its performance relative to fair lending policies and practices, no violations of the anti-discrimination laws and regulations were identified.

The Bank's General Loan Policy and Equal Credit Opportunity Act (ECOA) policies address the Bank's efforts to eliminate discrimination in all aspects of lending, including all prohibited basis listed under ECOA and the Fair Housing Act (FHA). The Bank has a second review process whereby loans that have been recommended to decline are reviewed by another lending officer or President. In addition, all denied loans are reviewed by the loan committee monthly to ensure fair lending policies and procedures are being adhered to.

MINORITY APPLICATION FLOW

A review of residential loan applications was conducted in order to determine the number and percentage of HMDA-reportable credit applications the Bank received from minority applicants. For the period reviewed, the Bank received 23 applications, or 6.2 percent, from minority applicants. Of the 23 applications received by the Bank, 18 resulted in originations. Refer to the following table for further information.

MINORITY APPLICATION FLOW								
RACE	Bank 2006		2006 Aggregate Data		Bank 2007		Bank TOTAL	
	#	%	#	%	#	%	#	%
<i>American Indian/ Alaska Native</i>	1	0.5	1	0.4	0	0.0	1	0.2
<i>Asian</i>	2	1.0	3	1.1	2	1.1	4	1.1
<i>Black/ African American</i>	4	2.1	1	0.4	2	1.1	6	1.6
<i>Hawaiian/Pac Isl.</i>	0	0.0	0	0.0	0	0.0	0	0.0
<i>2 or more Minority</i>	0	0.0	0	0.0	0	0.0	0	0.0
<i>Joint Race (White/Minority)</i>	4	2.1	4	1.5	8	4.4	12	3.2
Total Minority	11	5.7	9	3.4	12	6.6	23	6.2
<i>White</i>	178	92.7	190	72.3	169	92.9	347	92.8
<i>Race Not Available</i>	3	1.6	64	24.3	1	0.5	4	1.1
Total	192	100.0	263	100.0	182	100.0	374	100.0
ETHNICITY								
<i>Hispanic or Latino</i>	2	1.0	5	1.9	3	1.7	5	1.3
<i>Not Hispanic or Latino</i>	185	96.4	194	73.8	175	96.1	360	96.3
<i>Joint (Hisp/Lat /Not Hisp/Lat)</i>	2	1.0	4	1.5	3	1.7	5	1.3
<i>Ethnicity Not Available</i>	3	1.6	60	22.8	1	0.5	4	1.1
Total	192	100.0	263	100.0	182	100.0	374	100.0

The Bank's minority application flow for this period was also compared with the racial and ethnic composition of the assessment area. The comparison of these data assists in deriving reasonable expectations for the rate of applications the Bank received from minority residential loan applicants. The assessment area contains a total population of 8,424 individuals, 10.9 percent of which are representative of various racial and ethnic minorities. 2.6 percent Black, 3.1 percent Asian, 0.1 percent American Indian, 0.1 percent Native American Pacific Islander, 2.8 percent Hispanic, and 2.2 percent were identified as "other race".

As indicated, the Bank received a higher percentage of applications than that received by the 2006 aggregate. In addition, the percentage of applications the Bank received improved in 2007. The Bank received a lower percentage of applications from Hispanic or Latino borrowers than received by the 2006 aggregate and the Bank's overall percentage of applications received by minority borrowers was below the racial and ethnic population of the assessment area. Overall, the Bank's performance is considered reasonable.

APPENDIX B

General Definitions

GEOGRAPHY TERMS

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Primary Metropolitan Statistical Area (PMSA): A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

Consolidated Metropolitan Statistical Area (CMSA): The larger area of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

HOUSING TERMS

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

INCOME TERMS

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts

of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks and the Federal Deposit Insurance Corporation, at 795 Main Street, Williamstown, MA 01267."

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.